

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

FREE CONFERENCE

Call to Order: By **CHAIRMAN JOHN HARP**, on April 16, 1999 at 1:05 P.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. John Harp
Sen. Bob Keenan
Sen. Chris Christiaens
Rep. Loren Soft
Rep. Mark Noennig
Rep. Carolyn Squires

Members Excused: None.

Members Absent: None.

Staff Present: Susan Fox, Legislative Branch
Jodi Pauley, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 81, 4/16/1999
Executive Action:

SENATOR HARP opened the Free Conference Committee meeting on **SB 81** dealing with the **Children's Health Insurance Program (CHIP)** brought at the request of the Governor. In a memo he received at 11:00 a.m. he became aware that the House amended the bill on the Floor by a vote of 91-8. In Section 11, \$8 million dollars of appropriations was authorized for the **CHIPS** program from any tobacco settlement recovered by the State of Montana between January 1, 1999 through June 30, 2000. **Terry Johnson, Legislative Fiscal Division**, stated in the memo that if the tobacco settlement funds are received after June 30, 2000, then the \$8 million dollar appropriation would become void. He

suggested this be addressed by some concurrence with Section 12 authorizing an \$8 million dollar General Fund loan from the Department. It does not specifically appropriate the loan proceeds to the Department. An appropriation would be required from the Department to expend these loan proceeds. An amendment has been crafted to strike the year 2000 and change it to June 30, 2001. **EXHIBIT(frs83sb0081a01)**.

REPRESENTATIVE NOENNIG questioned if there was a possibility the funds would not be received by June 30, 2001?

SENATOR HARP stated that is the purpose for inserting 2001 in the bill. It extends the opportunity for those tobacco dollars to be coming. He does not feel anyone anticipates there would be a problem beyond that. It is really the coordination between Section 11 and Section 12 that was inconsistent.

SENATOR CHRISTIAENS questioned if this goes to a loan from the General Fund, what does that do any fund balance? **David Lewis, Office of Budget, Program and Planning**, stated the loan would be recorded as an asset in the General Fund. They have the authority to do loans for up to two years. At the end of the biennium it would be on the fund balance as an asset.

SENATOR HARP stated he continues to hear it looks like it is proceeding and we should be receiving those dollars fairly soon. Is that correct? **Nancy Ellery, Department of Public Health and Human Services**, stated the last she heard is the first check should be received no later than June 30, 2000, but the tobacco companies could mail it on June 30, 2000, and it would not be received until a couple days later. They already have the money set aside in an account with our name on it and the settlement requires them to release it no later than June 30, 2000.

Motion: **SENATOR CHRISTIAENS** moved that **SB 81 AMENDMENT BE ADOPTED**.

Discussion:

REPRESENTATIVE NOENNIG stated the settlement required the money be paid no later than June 30, 2000. Is the settlement now final and is it a sure thing? **Ms. Ellery** stated the settlement was approved in Montana Court in December. Everything is set to receive the money. The variance could be that we receive it earlier if other states get their settlement approved and it represents 80% of the total dollars. Last she checked, it did not appear the 80% threshold was going to be met to allow receiving it sooner and therefore everyone is expecting it June 30, 2000. **REP. NOENNIG** questioned the status of the potential

claim of the Federal Government for all or a portion of that money we expect to receive? **Ms. Ellery** stated that is still in limbo right now. The Senate has approved an amendment to the Emergency Appropriation Act which allows the states to keep all the money. The House does not have such language and she thought there was to be a conference committee on it soon to figure it out. The House version says there needs to be a set aside of at least 25% for tobacco prevention. The President has said he will not agree to this unless there is a set aside of at least 25% for tobacco prevention. There is a law on the books right now that requires any kind of payment like this to have the Federal Government recoup their share. That is what the legislation in Congress is trying to change.

REPRESENTATIVE NOENNIG stated it appears it is not a certainty the tobacco money would be received, although it is a good likelihood, nor is it a certainty that it would be received by June 30, 2001. Why is it necessary to have that date on page 8, line 14 of the bill? Why not just say whenever the money is received it would repay the loan from the General Fund? **Mr. Lewis** stated it seems appropriate to say it that way. They are required to get the first payment by June 30, 2000, but it is uncertain when they will get the check. They know they will get some money because of the terms of the settlement. The intention would be that any money that comes in would be used to repay the loan even if it came in 2005.

SENATOR HARP stated that may be something that could be looked at additionally besides the current amendment. He questioned if the committee felt comfortable adopting this amendment and perhaps an additional amendment could be brought tomorrow to put the final touch on that area. **REP. NOENNIG** stated he has no objection to the amendment proposed, he was just trying to be sure it all coordinated together.

SENATOR KEENAN stated the state specific finality was February and is completed. Was a qualifying statute passed? **Ms. Ellery** stated she thought that was through the process.

Vote: Motion that **SB 81 AMENDMENTS BE ADOPTED** carried 6-0.

SENATOR HARP stated the next meeting would be Saturday, April 17, following the Floor Session.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 9.7; Comments : None.}

ADJOURNMENT

Adjournment: 1:18 P.M.

SEN. JOHN HARP, Chairman

JODI PAULEY, Secretary

EXHIBIT (frs83sb0081aad)